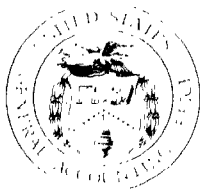


February 1992

FINANCIAL AUDIT

U.S. Senate Health Promotion Revolving Fund's Financial Statements for 1990



**Comptroller General
of the United States**

B-246090

February 18, 1992

The Honorable Martha S. Pope
Sergeant at Arms
United States Senate

Dear Ms. Pope:

Pursuant to your request, we have audited the accompanying statement of financial position of the Senate Health Promotion Revolving Fund as of December 31, 1990, and the related statements of operations and cash flows for the year then ended. We completed our audit work on September 23, 1991. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

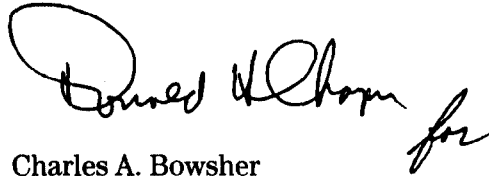
As discussed in note 1, the financial statements present only the Senate Health Promotion Revolving Fund and do not present the financial position and results of operations of the Senate Health Promotion operations as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senate Health Promotion Revolving Fund as of December 31, 1990, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our report on internal control structure and compliance with laws and regulations, together with the Fund's financial statements and accompanying notes for the year ended December 31, 1990, is included in this report.

We are sending a copy of this report to the Senate Committee on Rules and Administration. Copies will be sent to others upon request.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles A. Bowsher", followed by a small "for" written in a cursive script.

Charles A. Bowsher
Comptroller General
of the United States

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Report on Internal Control Structure and Compliance With Laws and Regulations

We have audited the financial statements of the Senate Health Promotion Revolving Fund for the year ended December 31, 1990, and have issued our opinion thereon.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In planning and performing our audit of the financial statements of the Fund for the year ended December 31, 1990, we considered the internal control structure in order to determine our auditing procedures. Our purpose was to express an opinion on the Fund's financial statements and not to provide assurance on the internal control structure.

The Senate Health Promotion Revolving Fund's management is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, management must make estimates and judgments to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition and (2) transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the current structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the Senate Health Promotion Revolving Fund's significant internal control structure policies and procedures into the following categories:

- cash,
- expenditures,
- revenue, and
- financial reporting.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures, determined whether they had been placed in operation, and assessed the associated control risk. In addition, we performed audit tests to substantiate account balances associated with each control category. Such tests can also serve to identify weaknesses in the internal control structure.

Our consideration of the internal control structure would not necessarily disclose all of its material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We found no material weaknesses in the Senate Health Promotion Revolving Fund's internal control structure and its operation.

The management of the Senate Health Promotion Revolving Fund is also responsible for compliance with applicable laws and regulations. As part of obtaining reasonable assurance as to whether the financial statements were free of material misstatement, we selected and tested transactions and records to determine the Fund's compliance with certain provisions of laws and regulations, described below, which, if not complied with, could have a material effect on the Fund's financial statements.

- Section 4(b)(2) of the Legislative Branch Appropriations Act, 1990, (Public Law 101-163) requires that the Senate Sergeant at Arms deposit all fees, assessments, and other charges for health promotion services and activities in the Senate Health Promotion Revolving Fund that was established by section 4(c) as a revolving fund in the U.S. Treasury within the contingent fund of the Senate.
- Payments from the contingent fund of the Senate, including the Senate Health Promotion Revolving Fund, are prohibited under 2 U.S.C. 68 unless sanctioned by the Senate Committee on Rules and Administration. Also, section 4(d) of Public Law 101-163 and section 5 of the Regulations for the Office of Senate Health Promotion in the Office of the Sergeant at Arms require that disbursements from the Fund be made upon vouchers signed by the Sergeant at Arms.

It should be noted that our objective was not to provide an opinion on the overall compliance with such provisions. Because of the limited purposes for which our tests of compliance were made, the laws and regulations tested did not cover all legal requirements with which the Fund has to comply.

The results of our tests for calendar year 1990 indicate that, with respect to the items tested, the Senate Health Promotion Revolving Fund complied in all material respects with those provisions of laws and regulations referred to above. With respect to items not tested, nothing came to our attention that caused us to believe that the Fund had not complied, in all material respects, with those provisions.

Statement of Financial Position

		December 31, 1990
Assets		
Cash in U.S. Treasury		\$8,282
Accounts receivable		64
Prepaid instructional expenses (note 3)		423
Total Assets		\$8,769
Liabilities and Government Equity		
Liabilities		
Accounts payable (note 4)		\$1,390
Unearned participant fees (note 3)		423
Total Liabilities		1,813
Government Equity		
Cumulative results of operations		6,956
Total Liabilities and Government Equity		\$8,769

The accompanying notes are an integral part of these financial statements.

Statement of Operations

		Year ended December 31, 1990
Revenues		
Participant fees		
Aerobics		\$16,371
Weight loss		3,267
Other		1,060
Total revenues		20,698
Expenses		
Instructional expenses		
Aerobics		8,900
Weight loss		3,267
Other		1,575
Total expenses (note 1)		13,742
Results of Operations		\$6,956

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

		Year ended December 31, 1990
Cash Flows From Operating Activities		
Cash received from participants		\$21,265
Cash paid to instructors		(12,983)
Net cash provided by operating activities		8,282
Cash in U.S. Treasury, beginning of year		0
Cash in U.S. Treasury, End of Year		\$8,282
Reconciliation of Results of Operations to Net Cash Provided by Operating Activities		
Results of operations		\$6,956
<i>Adjustments to reconcile results of operations to net cash provided by operating activities</i>		
(Increase) in assets		
Accounts receivable		(64)
Prepaid instructional expenses		(423)
Increase in liabilities		
Accounts payable		1,390
Unearned participant fees		423
Total adjustments		1,326
Net Cash Provided by Operating Activities		\$8,282

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. Description of the Entity

The Senate Health Promotion Revolving Fund, established within the contingent fund of the Senate on November 21, 1989, by the Legislative Branch Appropriations Act, 1990, is administered by the Office of Senate Health Promotion under the jurisdiction of the Senate Sergeant at Arms, whose rules and regulations are subject to approval of the Senate Committee on Rules and Administration. The Health Promotion Office provides health promotion education, services, classes, and activities for the Members, officers, and employees of the Senate. It collects fees from participants in regularly held activities, such as aerobics and other health-related classes. These fees are deposited in the Fund and are available without fiscal year limitation to defray the cost of these activities.

Certain costs of Senate Health Promotion activities are financed with appropriated funds; however, only a portion of those costs can be separately identified. These identifiable costs include employee salaries, health awareness seminars, videotapes, and health fairs. Identifiable costs paid from appropriated funds of the Senate for the calendar year 1990 follow:

Table 1: Identifiable Costs Paid From Appropriated Funds

	Amount
Gross salaries	\$57,822
Health awareness reference material	9,489
Consultant fees	5,000
Health awareness seminars	5,156
Travel	1,128
Training	1,020
Total	\$79,615

In addition, Senate Health Promotion costs related to employee benefits, space occupancy, utilities, building maintenance, telephone service, depreciation on furniture and equipment, equipment maintenance, office supplies, and postage are paid with appropriated funds and cannot be readily determined.

Note 2. Significant Accounting Policies

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting following generally accepted accounting principles.

Note 3. Prepaid Expenses and Deferred Revenue

Prepaid instructional expenses represent instructor fees paid to private vendors for classes not yet completed as of December 31, 1990. Similarly, unearned participant fees (deferred revenue) represent funds collected by the Fund from participants registered for classes not yet completed as of December 31, 1990.

Note 4. Accounts Payable

Accounts payable consist of instructor fees owed to private vendors for services rendered.

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